



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do **NOT** use for expedited rule making

Agency: Department of Labor and Industries

- ☒ **Preproposal Statement of Inquiry was filed as WSR 06-13-083** _____ ; or
☐ **Expedited Rule Making--Proposed notice was filed as WSR** _____ ; or
☐ **Proposal is exempt under RCW 34.05.310(4).**

- ☒ **Original Notice**
☐ **Supplemental Notice to WSR** _____
☐ **Continuance of WSR** _____

Title of rule and other identifying information: 2007 Industrial Insurance Premium Rates
 Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

This rule proposal will amend the tables of classification base premium rates, experience rating plan rates and factors, and retrospective rating plan size groupings for the workers' compensation insurance program for calendar year 2007. New classification base rates were calculated based on updated loss and payroll experience resulting in an overall average 2 percent general rate decrease in the premium rates being proposed. (continued on Attachment A).

Hearing location(s):

See Attachment B for hearing locations, dates and times.

Date: _____ Time: _____

Submit written comments to:

Name: Ronald Moore, Acting Program Mgr, Employer Services
 Address: P O Box 44140
 Olympia, WA 98504-4140
 e-mail mooa235@lni.wa.gov
 fax (360)902-4748 by (date) Nov 6, 2006, 5 p.m.

Assistance for persons with disabilities: Contact

Office of Information and Assistance by Oct 18, 2006 _____

TTY (360) 902-5797

Date of intended adoption: November 21, 2006 _____
 (Note: This is **NOT** the **effective** date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

This rule proposal will amend the tables of classification base premium rates, experience rating plan rates and factors, and retrospective rating plan size groupings for the workers compensation insurance program for calendar year 2007. New classification base rates were calculated based on updated loss and payroll experience resulting in an overall average 2 percent general rate decrease in the premium rates being proposed. The decrease was a result of a strong state economy, a good return on investments, and L&I's ability to control its health-care costs. The B&W tables for experience rating were replaced with primary and excess credibility tables which will be easier for the customers to understand. The credibilities were changed so that the accuracy of the individual firm rates for medium to large firms will be increased and so that the change in experience factors will be reasonable for small changes to the loss experience for the smaller firms. This proposal specifically amends sections WAC 296-17-855, WAC 296-17-875, WAC 296-17-880, WAC 296-17-885, WAC 296-17-890, WAC 296-17-895, WAC 296-17-89502, WAC 296-17-90492, and WAC 296-17-920.

Reasons supporting proposal: Insurance base rates and experience rating tables are being modified to reflect changes in loss data associated with the classification and rating plan from the previous 2006 rating period. Washington law provides that rates should be adjusted annually to reflect the hazards of each industry and in accordance with the rating plan. Similarly the rating plan is revised to recognize changes within the industry groups.

Statutory authority for adoption: RCW 51.16.035 (Base Rates), RCW 51.32.073 (Supplemental Pension), RCW 51.08.010 (Retrospective Rating) and RCW 51.04.020(1) (General Authority)

Statute being implemented: RCW 51.16.035, RCW 51.32.073, RCW 51.18.010 and RCW 51.04.020(1)

Is rule necessary because of a:

- Federal Law? ☐ Yes ☒ No
 Federal Court Decision? ☐ Yes ☒ No
 State Court Decision? ☐ Yes ☒ No
 If yes, CITATION:

CODE REVISER USE ONLY

WSR# 06-18-078

DATE
 September 5, 2006

NAME (type or print)
 Gary K. Weeks

SIGNATURE

TITLE
 Director

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization)

Department of Labor and Industries

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Bill Moomau	Tumwater, WA	(360) 902-4774
Implementation.... Ronald Moore	Tumwater, WA	(360) 902-4748
Enforcement..... Robert Malooly	Tumwater, WA	(360) 902-4209

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No. Explain why no statement was prepared.

In this rulemaking the agency is exempt from preparing an SBEIS since the proposed rules set or adjust fees or rates pursuant to legislative standards. This exemption is described in RCW 34.05.310(4)(f)

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain: In this rulemaking, the agency is exempt from conducting a CBA since the proposed rules set or adjust fees or rates pursuant to legislative standards described in RCW 34.05.328(5)(b)(vi)

Attachment A Summary

CR 102 Rule Making Order (RCW 34.05.320)

Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Proposal establishes premium rates for workers' compensation insurance classifications for calendar year 2007 and modifications to the related experience rating and retrospective rating plans:

WAC 296-17-855	Experience Modification
WAC 296-17-875	Table I Primary Losses for Selected Claim Values
WAC 296-17-880	Table II Primary and Excess Credibility Values
WAC 296-17-885	Table III Expected Loss Rates and D Ratios
WAC 296-17-890	Table IV Maximum Experience Modifications
WAC 296-17-895	Base Rate Table by Class of Industry
WAC 296-17-89502	Industrial Insurance Rates for Nonhourly Rated Classifications
WAC 296-17-90492	Table I Retrospective Rating Plans A, A1, A2, A3 and B, Standard Premium Size Ranges
WAC 296-17-920	Assessment for Supplemental Pension Fund

Attachment B Hearing Locations

CR 102 Rulemaking Order (RCW 34.05.320) Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Hearing Locations

October 19, 2006, 1 pm.

Yakima Service Office
Department of Labor & Industries
15 W Yakima Avenue
Yakima, WA 98902

October 20, 2006, 10 a.m.

WestCoast Ridpath Hotel
515 West Sprague Avenue
Spokane, WA 99201

October 23, 2006, 10 a.m.

Best Western CottonTree Inn
Fidalgo Room
2300 Market Street
Mt Vernon, WA 98273

November 6, 2006, 10 a.m.

Department of Labor & Industries Bldg.
Room S117-118
7273 Linderson Way SW
Olympia, WA 98504